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09/401,892	09/23/1999	Stuart Serkin	09857/031001	5283

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225 FRANKLIN ST  
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EXAMINER
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JAKETIC, BRYAN J

ART UNIT	PAPER NUMBER
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3627

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**MAILED**

MAY 3 - 2004

**GROUP 3600**

**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Paper No. 21

Application Number: 09/401,892  
Filing Date: September 23, 1999  
Appellant(s): SERKIN ET AL.

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Denis G. Maloney  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed 1 March 2004.

**(1) *Real Party in Interest***

A statement identifying the real party in interest is contained in the brief.

**(2) *Related Appeals and Interferences***

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

**(3) *Status of Claims***

The statement of the status of the claims contained in the brief is correct.

**(4) *Status of Amendments After Final***

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

The amendment after final rejection filed on 1 March 2004 has been entered.

**(5) *Summary of Invention***

The summary of invention contained in the brief is correct.

**(6) *Issues***

The appellant's statement of the issues in the brief is correct.

**(7) *Grouping of Claims***

Appellant's brief includes a statement that claims 1-22 do not stand or fall together and provides reasons as set forth in 37 CFR 1.192(c)(7) and (c)(8).

**(8) *Claims Appealed***

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(9) *Prior Art of Record***

"Self-Regulatory Organizations: Notice of Filing of Amendment No. 1 to a Proposed Rule Change by National Association of Securities Dealers, Inc., Relating to an Integrated Order Delivery and Execution System", Federal Register - Securities and Exchange Commission, June 10, 1999, pps. 31335-38, XPO002171937 (1989.17.75.65/fril/).

Biais et al, "An Empirical Analysis of the Limit Order Book and the Order Flow in the Paris Bourse", December 1995, Journal of Finance, vol. 50, no. 5, pp. 1655-1690.

**(10) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

Claims 1-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Self-Regulatory Organizations: Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Locked and Crossed Markets that Occur at or Prior to the Market's Open" Federal Register XPO002171937 (hereafter "the Federal Register") in view of Biasis et al. This rejection is set forth in prior Office Action, Paper No. 12.

**(11) Response to Argument**

Group I (claims 1, 9, and 10)

Appellant argues that neither the Federal Register nor Biais et al describe or suggest formatting the quote as a marketable limit order and routing the order to a market participant whose quote was locked or crossed. Examiner concedes that neither reference, standing alone, teaches these steps. However, the Federal Register teaches the step of routing a message to a participant whose quote was locked or crossed (see

p. 31336, columns 2 and 3). Biaisi et al teach the step of formatting quotes as marketable limit orders (p.2, second full paragraph). Biaisi et al further explain that marketable limit orders provide liquidity (p. 2, second full paragraph). It therefore would have been obvious to one of ordinary skill in the art at the time the invention was made to employ the teachings of Biaisi et al to format the quote as a marketable limit order before routing to the participant whose quote was locked or crossed to provide liquidity.

Appellant further argues that Biaisi et al do not teach the step of formatting a quote as a marketable limit order, and instead merely teaches the step of converting a market order to a limit order. Examiner concedes that Biaisi et al do not expressly use the terminology "formatting a quote as a marketable limit order." Biaisi et al teach that a market order is formatted as a limit order. However, it is inherent that the market order originated as a quote, so Biaisi et al anticipate the step of formatting a quote as a market limit order.

Appellant also argues that examiner has not shown any motivation to combine Federal Register with Biaisi et al. Examiner respectfully disagrees. As explained above, Biaisi et al explain that marketable limit orders provide liquidity (p. 2, second full paragraph). This provides sufficient motivation for formatting to market limit orders.

Group II (claims 2, 11 and 20)

Appellant argues that neither the Federal Register nor Biaisi et al teach a routing process. Examiner respectfully disagrees. The Federal Register teaches a routing process (see p. 31336, columns 2-3).

Group III (claims 3, 5, 12, and 13)

Appellant argues that claims differ in that they are directed to the situation on detection of a lock or cross condition. The Federal Register teaches the detection of a lock or cross condition (see p. 31336, columns 2-3). Appellant repeats the arguments of Group I, which are addressed above.

Group IV (claims 4, 6, and 14)

Appellant repeats the arguments of Group I, which are addressed above.

Group V (claims 7 and 15)

Appellant argues that neither the Federal Register nor Biaise et al teach the step of determining if the formatted order was filled by execution against the locked or crossed quote. However, the Federal Register teaches the step of determining whether the locked or crossed quote has been executed against (see p. 31336, columns 2-3). This step, in combination with the teachings of Biaise et al as described above, meets the limitations of the claim.

Group VI (claims 8 and 16)

Appellant argues that neither the Federal Register nor Biaise et al teach the step of reformatting the formatted order as a displayable quote on the side of the market order. However, the Federal Register teaches that if an order is not executed against the locked or crossed quote, the quote is reformatted (see p. 31335, col. 3, through p. 31336, col. 1). This step, in combination with the teachings of Biaise et al as described above, meets the limitation of the claim.

Group VII (claim 17)

Appellant repeats the arguments of Group I, which are addressed above.

Group VIII (claims 18 and 19)

Appellant argues that neither the Federal Register nor Biaise et al teach the step of routing the market liability order to the market participant next in queue whom would be locked and execute the order at the price of the locked quote. Examiner maintains that under the combination of the Federal Register and Biaise et al, this step is anticipated. If the quote remains locked or crossed, this is detected and it is inherent that the steps of the Federal Register and Biaise et al are repeated.

Group IX (claims 20 and 21)

Appellant repeats the arguments of Group VI, which are addressed above.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,



bj  
April 17, 2004

Conferees  
Eric Stamber  
Jim McClellan



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